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# REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

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United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

WR 20-83

WASHINGTON, May 18--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

## GRAIN AND FEED

SOUTH AFRICA recently announced producer payment levels and minimum Maize Board selling prices on the current 1983/84 drought-reduced corn crop. Producer payments were increased by about 25 percent from last season, up to 167.50 rand per metric ton (about \$154/ton), and minimum selling prices were raised 9 percent to 170.00 rand per metric ton (about \$156/ton). The smaller increase in selling price resulted from a reduced deduction in the stabilization fund levy, which in the past has helped defray export losses.

This season South Africa will not have sufficient quantities of corn to export and, therefore, does not need as large a levy. In addition, the South African government may have faced strong consumer resistance to a large jump in price. Approximately 4 million tons of corn are utilized annually for human consumption, corn being a staple in the black population's diet.

The South African Maize Board incurred heavy export losses over the past three seasons; this season the South African government will incur a loss on imported corn. In 1981/82 corn export losses were about 50 rand/ton (\$46/ton); the 1982/83 losses are estimated at 60 rand/ton (about \$50/ton). Direct government contributions and low interest long-term loans helped to finance the deficits in the stabilization fund.

This season, with a reduced stabilization fund levy and no additional provisions made, it appears unlikely that the government loans extended in the 1981/82-1982/83 seasons will be paid back anytime in the near future. In addition, the government has announced that it will absorb any costs of imported corn running above the current set domestic selling price. Given current prices and freight rates, the South African government may sell imported corn domestically at about a \$15-20/ton loss.

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South African Corn Prices

Marketing Year	Net Producer Price		Percent Increase	Minimum Board Selling Price		Percent Increase
	Rand	US Dollar		Rand	US Dollar	
1978/79	79.95	(92)		83.10	(96)	
1979/80	100.00	(119)	25	102.00	(121)	23
1980/81	115.00	(148)	15	122.40	(158)	20
1981/82	115.00	(132)	0	134.00	(154)	9
1982/83	134.05	(123)	17	155.30	(143)	16
1983/84	167.50	(154)	25	170.00	(156)	9

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A work slowdown initiated by employees at ARGENTINA's Grain Board export terminals has caused a back-up of grain at ports, resulting in delays in loading vessels and increased demurrage charges. Grain Board facilities currently handle about 80 percent of total grain and oilseed exports. The work slowdown had been in effect for about 2 weeks, basically in protest over wage issues. The slowdown has occurred at a peak time for Argentine wheat, corn, sorghum, and oilseed exports and has likely dampened purchases for near-by shipment. Reportedly, Grain Board workers have agreed to end their slowdown and return to normal operations given the Argentine government's recent promise to respond to worker demands within 15 days.

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The EUROPEAN COMMUNITY (EC) has announced that it will open export tenders for wheat for the 1983/84 season on May 27 with an initial tender of 1.5 million tons available to all areas except Latin America. A separate tender for 250,000 tons will be opened for Latin America. Although sales can be made for August delivery from those new tenders, no exports can actually be made before August 1, the start of the EC marketing year for grains.

Last July, when export tenders were opened for the 1982/83 season, the EC authorized 1.4 million tons of wheat for export beginning August 1, 1982. With the additional month of open tenders, EC wheat export authorizations could be significantly higher than last season when the EC granted nearly 20 percent of its annual export authorizations in that first month of July.

## OILSEEDS AND PRODUCTS

USDA cut estimates of EUROPEAN COMMUNITY (EC) soybean imports because of lagging demand. Crushing margins in the EC continue very poor. Livestock product output has not been as strong as previously expected; increased production and crush of EC grown oilseeds (mostly rapeseed) is dampening demand for soybean meal and oil. Tapioca use in the EC is also down from expectations which reduces soybean meal usage. Although reduced from the previous forecast, imports are still expected to exceed last year's level. U.S. sunflowerseed exports to date have not reached previous expectations and the full year forecast has been cut to 1.3 million tons.

## DAIRY, LIVESTOCK AND POULTRY

MEXICO's state of Sonora is reported to have a hog cholera outbreak in its southern regions. While Sonora is not a leading state in pork production, it does service the Mexican border trade area. If the disease cuts pork production, then additional imports may be needed until the disease is controlled.

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SPAIN's Farm Commodity and Price Stabilization Agency (FORPPA) under the Socialist Government of Spain is exploring means to alleviate its surplus stocks of beef through sales or barter deals on the world market. Officials in FORPPA have reportedly held discussions with some Asian and African countries to export beef. A beef-coffee barter has been proposed. The surplus beef stocks on FORPPA's hands are estimated at 50,000 metric tons.

## COTTON AND FIBERS

The SOVIET UNION is expected shortly to sign a new trade protocol for a substantial quantity of Egyptian cotton. Total Egyptian exports are now estimated at 850,000 bales, up 50,000 bales from the April estimate. With only modest increases in production projected in the short-term, competition between exporters and the domestic textile industry for available supplies of cotton could increase.

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The irrigation water supply for the cotton crop in the SOVIET UNION is alarmingly low, particularly in Uzbekistan and Kirgizia. Some key reservoir levels are reportedly less than one-half of the 1982 levels. The crop, which was planted earlier than normal, may require some reseeding. However, it is still early in the growing season, and final cotton output will depend upon future weather and rainfall patterns until crop maturity.

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## TOBACCO

ITALY's tobacco leaf exports in 1982 reached a new record of 96,904 tons, or 28 percent above 1981--more than double the 1980 level. Higher export restitutions granted by the EC, combined with weaker lira compared to the U.S. dollar, made Italian tobacco more competitive. The EC purchased 43 percent of the total with 41,535 tons, followed by the United States with 13,265 tons (14 percent of total). Other important destinations (for a combined 27 percent of the total exports) were: Bulgaria--10,443 tons, Egypt--6,613 tons, Poland--6,195 tons, and Japan--2,508 tons.

The 1983 leaf export outlook appears less optimistic than last year's performance, in spite of a record 1982 harvest. The oversupply situation in the world market, increasing competition from other major producers and anticipated lower demand from consumer countries, are all expected to reduce Italian shipments sharply in 1983.

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NORWAY's imports of unmanufactured tobacco in 1982 were 5,212 tons, 10 percent less than in 1981. The United States was the largest supplier with 1,713 tons or one-third of the total, but shipments were down 11 percent from 1981. Imports from Brazil increased by 35 percent to 1,283 tons, while shipments from Africa (Malawi, Zimbabwe, Mozambique and Tanzania) at 810 tons were up 15 percent from 1981.

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SWITZERLAND's 1982 imports of unmanufactured tobacco were 22,779 tons, declining 15 percent from 1981. Imports from the United States at 7,503 tons were down 23 percent. Tobacco leaf imports in 1983 are forecast at 24,000 tons. However, this volume will depend largely on export prospects for cigarettes, which at 13 billion pieces in 1982 declined 6 percent from 1981.

## COFFEE, TEA AND COCOA

Coffee production in BRAZIL for 1983/84 is still expected to range between 30 and 33 million bags (60 kilogram), according to the agricultural officer in Rio de Janeiro. This compares with 17.75 million bags from the frost reduced 1982/83 crop. In a recent crop survey trip through the coffee producing areas of Parana, Sao Paulo, and southwestern Minas Gerais, USDA found a large crop load on the trees, reflecting favorable weather conditions and appropriate crop management since January.

Harvest is underway in Parana and Sao Paulo, and it is unlikely the crop will be reduced by unfavorable weather. In Minas Gerais, the large crop load on the trees needs a few more weeks to reach maturity and will rely upon adequate rainfall through mid-June.

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The production estimate by states remains unchanged as follows: Parana--5.0 to 5.5 million bags; Sao Paulo--9.0 to 9.5 million; Minas Gerais 9.5 to 10.5 million; Espirito Santo--4.5 to 5.0 million; and other states--2.0 to 2.5 million bags.

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CHINA's tea procurements increased in 1982 to 397,000 tons, 16 percent above the 1981 level and more than 30 percent above 1980. The Government of China is actively supporting expansion of tea cultivation in order to increase tea exports and foreign exchange earnings. China is firmly in second place in world tea production, second only to India which produced an estimated 566,000 tons in 1982.

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Selected International Prices

Item	:	May 17, 1983		: Change from : previous week :	: A year ago
		\$ per MT	\$ per bu.		
ROTTERDAM PRICES 1/					
Wheat:					
Canadian No. 1 CWRS-13.5%.	205.00	5.58	+1.00		198.00
U.S. No. 2 DNS/NS: 14%....	182.50	4.97	-7.00		180.50
U.S. No. 2 DHW/HW: 13.5%...	N.Q.	--	--		199.00
U.S. No. 2 S.R.W.....	159.00	4.33	-4.00		163.00
U.S. No. 3 H.A.D.....	199.00	5.42	-6.00		182.00
Canadian No. 1 A: Durum..	213.00 15/	5.80	+7.50		N.Q.
Feed grains:					
U.S. No. 3 Yellow Corn....	144.00	3.66	-6.00		131.25
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--		132.00
Feed Barley 3/.....	N.Q.	--	--		N.Q.
Soybeans and meal:					
U.S. No. 2 Yellow.....	250.75	6.82	+2.00		269.25
Brazil 47/48% SoyaPellets 4/	218.50	--	+1.50		245.50
U.S. 44% Soybean Meal.....	216.00	--	-0-		235.00
U.S. FARM PRICES 5/					
Wheat.....	133.01	3.62	--		134.85
Barley.....	70.73	1.54	-4.59		88.64
Corn.....	114.95	2.92	-3.94		99.60
Sorghum.....	106.92	4.85 6/	-3.75		95.90
Broilers 7/.....	1029.33	--	+4.19		N.A.
EC IMPORT LEVIES					
Wheat 8/.....	118.44	3.22	+21.73		113.80
Barley.....	103.44	2.25	+4.76		88.80
Corn.....	81.14	2.06	+5.23		101.35
Sorghum.....	74.67	1.90	+.99		95.10
Broilers 9/.....	288.00	--	-20.00 13/		283.00
EC INTERVENTION PRICES 11/					
Common wheat(feed quality)	185.05	5.04	-2.05		193.14
Bread wheat.....	202.96	5.52	+2.24		221.78
Barley and all					
other feed grains.....	185.05	--	-2.05		193.14
Broilers 12/.....	1152.00	--	+12.00		--
EC EXPORT RESTITUTIONS (subsidies)					
Wheat.....	N.A.	--	--		73.55
Wheat flour.....	N.Q.	N.Q.	N.Q.		N.Q.
Barley.....	N.A.	--	--		N.A.
Broilers 9/.....	207.00	--	-2.00 13/		188.00
Sugar, refined 14/.....	N.A.	N.A.	N.A.		N.A.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Twelve-city average, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg to 33.15. 12/ F.o.b price for R.T.C. whole broilers at West German border. 13/ Change from previous week generally reflects change in exchange rates. 14/ Week of April 28-May 4, based on a maximum subsidy rate of 34.49 ECU's per 100 kilograms. 15/ November Shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis June delivery.

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<sup>1</sup> Available from FAS, Information Division, Room 5918 South Building.

<sup>2</sup> Prepared jointly by USDA's Foreign Agricultural Service, Economic Research Service and the World Agricultural Outlook Board. Limited number of copies and subscription information are available from the World Agricultural Outlook Board Room 5143 South Building, Washington, D.C. 20250. Telephone (202) 447-5447.

<sup>3</sup> On day of release copies available from USDA Press Service.

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